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GERMAN AGENCIES IN BAVARIA

1. Scope and Objective of Report. This report is based on an investigation by Major A. J. GOTTLIEB, German Agencies Officer, Economics Branch, G-5 Division, USFET, and Dr. HEINRICH KRONSTEIN, German Agencies Officer, Industry Branch, G-5 Division, USFET, during the week of 27 August 1945 - 3 September 1945. A study of the reorganization of governmental and administrative agencies in this area, with particular emphasis on economics, was made. The cities visited were: STUTTGART, AUGSBURG, MUNICH, REGENSBURG, NÜRNBERG, FÜRTH, and WÜRZBURG.

2. General. In most cases the establishment of the various Economic Offices, as required by directive AG 014.1 GEC-AGO, dated 14 August 1945, subject: "German Economic Control Agencies", is progressing. However, the Wirtschaftsgruppen and the Fachgruppen continue to exist, and in various instances, retain their earlier powers. One difficulty, as explained by the Director of Economics for BAVARIA, Dr. LANGE, is that instructions issued by the German Regional Economic Office do not always parallel the instructions received by the Regierungsbezirk and Kreis Military Government Detachments from their Regional Military Government Offices. In such instances orders given by the Ministry of Economics are occasionally either amended or sometimes suspended by Military Government Detachments at Regierungsbezirk and Kreis levels. Therefore, it is apparent that closer coordination is required between the activities of the German agencies and those of Military Government.

The de-Nazification policy as applied to industry and commerce, is considered difficult of application, and several German officials offered plans for the execution of this policy in more practical form. It was the suggestion of Dr. FAULKNER, Regierungspräsident of NIEDERBAYERN-OBERPFALZ, that a committee might be formed consisting of the Military Government de-Nazification teams, several government officials, several prominent businessmen and several representatives of labor, for consideration and recommendations based on a study of the Fragebogen. According to such a plan the Germans could aid in the implementation of the de-Nazification directives and such recommendations as the committees might make would be of advantage in deciding the numerous special cases which would require review.

3. STUTTGART.

a. Regional Economic Office. The Director of the Regional Economic Office, Dr. WIEDMANN, was interviewed. This office is divided into 6 branches as follows:

- (1) Administration
- (2) Production
- (3) Distribution
- (4) Coal Allocation
- (5) Other Fuels and Transportation
- (6) Electricity and Gas

The office has developed a plan for control of industry and commerce through supervision of production and distribution, both manufacture and wholesale and retail trade. It was the opinion of the Director that the Regierungsbezirk and Kreis

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Economic Offices would not be large enough at present to include parallel structures. Further plans for the distribution and control of raw materials are being formulated, whereby subdivisions of the main production division will consist of 11 subordinate sections as follows:

- (1) Iron, steel and materials, both raw materials and fabricated articles.
- (2) Chemicals, pharmaceuticals, glass, salt and oil.
- (3) Textiles and leather goods.
- (4) Paper and printing.
- (5) Wood, wood fabrication, and ceramics.
- (6) Building and housing materials.
- (7) Tobacco.
- (8) Public utilities.
- (9) Other raw material production and fabricating of consumer goods and re-conversion of factories.
- (10) Products made from waste and scrap materials.
- (11) Labor coordination section

These sections would be administered by Commissioners (Beiräte), who would be selected mostly from the field of industry and would be employed on a part-time basis.

Employers in WURTEMBERG were stated to be forming associations known as Unternehmensverbände, which are voluntary private organizations of factories for the purpose of self-government in parallel enterprises and for dealing with labor matters.

The allocation of fuel and raw materials, as well as the division of existing stocks, particularly of textiles and yarn is a function which this Regional Economic Office hoped to be able to undertake when organization was completed.

This office is directing that no factory or plant may obtain or purchase more than two months' advance stock of materials for fabrication purposes, at the present time. Allocation of manufacturing quotas for various factories will be dependent upon their present facilities, with no immediate consideration of possible repairs of war damages.

A difficulty stated by this Economic Office was that the Kreis Economic Offices are not sufficiently controlled by the Regional Office, due to lack of communications and that the Military Government Detachments in the Kreise are apt to regard situations from a local standpoint only and hence, do not accord sufficient consideration to problems of a regional nature.

b. Regional Labor Office. Dr. AUFFRECHT, the Director of this office, stated that difficulties encountered in North WURTEMBERG and North BADEN included particularly the shortage of construction workers. The Labor Office in KARLSRUHE is not yet operating as a branch office of the Regional Office at STUTTGART with authority over the labor office at MANNHEIM, but the Labor Offices in KARLSRUHE and MANNHEIM are now both functioning on the same level. This situation was directed to the attention of Captain BINGHAM, Labor Officer of the STUTTGART Regional Team.

4. AUGSBURG.

a. Chamber of Commerce. Dr. KÖNIG, Manager of the Chamber of Commerce was interviewed and stated that the Chamber of Commerce was constituted approximately as before occupation. Membership is compulsory and the Chamber has very little contact with the local Stadtkreis Economic Office, although it frequently receives requests and instructions from the Regional Economic Office at MUNICH. It is divided into the following main sections:

- (1) Wood, stone, earth, chemicals.
- (2) Machinery.
- (3) Metals.
- (4) Textiles.
- (5) Personnel and administration.
- (6) Coal.

The office is supported by compulsory dues from the various members, and recommendations of the Chamber of Commerce are made directly to the Military Government Detachment of R. B. SCHWABEN, at AUGSBURG. The Chamber has as its territory the entire Regierungsbezirk SCHWABEN and its membership includes all plants and business establishments therein.

However, in this area, the Wirtschaftsgruppen and Fachgruppen are still in existence, and are used by the Chamber of Commerce for matters pertaining to allocations of materials and licensing of businesses.

b. General Administration. The Regierungspräsident, Dr. KRIBISBLMEYER, was interviewed and stated that a Regierungsbezirk Economic Office was being planned for SCHWABEN although it had not yet been established. When this is effected, it is intended that some of the functions now exercised by the Chamber of Commerce will be assumed by this new office.

c. Bureau of Statistics. A Statistical Office is in operation in this Regierungsbezirk under the Regierungspräsident, but receives functional instructions directly from the Regional Statistics Office at MUNICH. It is concerned primarily with population census and agricultural statistics and has at present no section on industrial statistics.

d. Economic Office. A Stadtkreis Economic Office for AUGSBURG is in existence under Herr L. KLEIN. Its functions are primarily the rationing of consumer goods and it has little connection with industry. The licensing of new businesses is conducted through the Chamber of Commerce and the Fachgruppen with final approval by the Bürgermeister. The main functions of the Economic Office are, therefore, the rationing of consumer goods, together with the collection of the ration coupons. A Leitstelle (Distributing Office) has been established here by the Regional Economic Office at MUNICH. This office is expected to be concerned in the future with the distribution of raw materials between manufacturing plants.

e. Food and Agriculture. Herr LICHTI, the head of the Regierungsbezirk Food Office, stated that in Regierungsbezirk SCHWABEN, Departments "A" and "B" of the Food Office had as yet not been combined, but were operating separately as formerly. He stated that the de-Nazification policy had occasioned

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some problems in the operation of this office. A shortage of work clothes, shoes, and leather harnesses was reported and lack of transportation facilities causes serious difficulties. The need for agricultural machinery, is marked and the continued presence of displaced persons, mainly Poles, is one of the determining factors of the existence of a noticeable black market in food products.

f. Labor. Requests for establishment of Unions in this Regierungsbezirk are infrequent; in fact, only one formal application for the creation of a union had been received by Captain M. R. K., labor officer of the Bezirk Military Government Detachment during the last 3 weeks. This area is not highly industrial, but such factories as exist have not been severely damaged and are prepared to start in limited production as soon as authorized and when fuel is made available. Construction workers are in great demand and the usual excess of white collar workers was reported.

5. MUNICH.

a. Ministry of Economics. Dr. LANGE, the Minister of Economics, was of the opinion that the de-Nazification policy as applied to industry would occasion difficulties in the resumption of industry in B. V. R. I. A. A Chamber of Commerce is constituted, but at the present time the Fachgruppen and the Wirtschaftsgruppen are still in existence, and operating, and their functions have not yet been assumed by the Regional Economic Office. However, this step is now being planned and a suggestion that departments be established in the Regional Economic Office to follow generally the divisions of the Wirtschaftsgruppen and the Fachgruppen was approved by Lt Colonel ERION of the Regional Military Government Detachment and also by Dr. LANGE. It was further suggested that free associations (Vereine) of industrial enterprises of the same general category be permitted to be organized, subject to approval of this plan by USPAT. Such associations would be established on a voluntary basis only and could be used in an advisory capacity by the Economic Offices. They would be permitted to make recommendations to other governmental agencies such as Labor Offices but would be permitted only the functions of self-government and collective action of an advisory nature. It was explained to Dr. LANGE and to Lt Colonel ERION that allocation of raw materials was a function of the Regional Economic Office only and could be delegated to the Regierungsbezirke or Kreis offices, where required, but that such functions were no longer the responsibility of either the Chambers of Commerce or the Wirtschaftsgruppen and Fachgruppen.

b. POB. A division of the Regional Economic Office has been given the responsibility of allocation of POB for B. V. R. I. A. The further distribution on a rationing basis is being effected by the local Economic Offices. This machinery of distribution is apparently functioning satisfactorily.

c. Chamber of Commerce. Herr KLÖPPER, the president of the Chamber of Commerce stated that this office was at present operating on approximately the same basis as before occupation. The Wirtschaftsgruppen, the Fachgruppen and the Leitstellen are still in existence and are operating in coordination with the Chamber of Commerce. It was noted that the Wirtschaftsgruppen are constituted and are apparently functioning under the laws and regulations promulgated during the Nazi regime. They still retain control of licensing of new businesses and are operating the distribution of raw materials, particularly solid fuels. Membership in the Chamber of Commerce

is compulsory and for the present, the Chamber has been given the authority for the allocation of coal for industrial enterprises which it delegates to one of the Fachgruppen. This Chamber has considerable powers and exercises its influence upon both the Regional Economic Office and the Fachgruppen and Wirtschaftsgruppen.

d. Statistical Office. This office is under Dr. BURGDÖRFER who was formerly manager of the Reich Statistical Office at BERLIN. In this office may be found very recent statistical information on industry and food and agriculture, such as are not normally found in a Regional Statistics Office, but in this case, represents material which Dr. BURGDÖRFER brought with him from the BERLIN Office, particularly data on manufacturing, inclusive of inventories of raw materials and machinery and labor statistics for industry. It is a most complete statistical office and could serve as a model for offices in other Länder. Dr. BURGDÖRFER himself is a Nazi Party Member as of 1933 and is, therefore, in the mandatory removal category. Ordinarily, the main types of statistics which Regional Statistical Offices would collect would be the following:

- (1) Population figures.
- (2) Vital statistics.
- (3) Dislocation and migration of population.
- (4) Tourist trade.
- (5) Agriculture.
- (6) Quantity of land under cultivation.
- (7) Types of crops.
- (8) Cattle census.

At present the Statistical Offices operate under supervision of the Regierungspräsident and the Landräte. The latter officials designate the census takers and the information gathered is submitted to the Statistical Office. However, statistics on trade, commerce, transportation, industry, production, labor, machinery inventories and other industrial figures are usually compiled by the Chambers of Commerce. Dr. BURGDÖRFER stated that a preparation of industrial statistics for BAVARIA would be difficult, since many of the plants have been converted during the early war period from their former production and later reconverted into still different fabrication. A brick factory in one instance had been converted into a metal processing plant and then had later been reconverted to manufacture airplane parts. Since such cases are frequent, the necessity of a complete check is indicated.

e. Labor. The Minister of Labor for BAVARIA, Herr ROSSHAUFER, stated that the general situation in BAVARIA as far as establishment of labor offices was concerned had progressed favorably and that labor registration had been completed. There is at present plenty of work, but labor is slow to accept the jobs offered. If such conditions continue to exist, forced labor will be inaugurated. At the present time, food cards are given only to persons who can prove that they are occupied and in order to control this procedure, such cards are now being distributed on a week-to-week basis. Unionism in BAVARIA has not developed on a broad scale and for the present, only local plant unions have been established. A plan had been formulated for a general crafts union, but permission to organize had been refused because the charter did not meet with the approval of the Regional Military Government Detachment. However, a revision of this charter is now being prepared. The social insurance offices are open, but unemployment insurance is not being paid for

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the present. The opening of special schools for the training of personnel, particularly white-collar workers for diversion to the necessary crafts, is being considered, and several have been opened, particularly schools for training of construction labor. In this regard, BAVARIA is further advanced than the other Länder. There are sufficient workers in agriculture, but the general labor market in BAVARIA is dislocated by the fact that many refugees from other parts of GERMANY and also from the SUDETENLAND are arriving in great numbers mostly through underground channels. Dr. ROSSHAUPTER estimates that the population of BAVARIA has grown to approximately 10,000,000, although this figure is in variance with the figure submitted officially by the Statistical Office, which totalled approximately 8,500,000. It is the opinion of Dr. ROSSHAUPTER that this increase in population is disproportionate and that it will be difficult to employ and support such a larger number of inhabitants. Much industrial labor is presently employed on clearance jobs in the factories; it was stated that some plants are paying employees a partial salary so as to retain their services against the time when they may reopen. This situation contributes to the general attitude of the working classes not to accept jobs presently offered. It is estimated that approximately 30% of the employable labor in BAVARIA is not working. The timber cutting program is hampered by lack of tools and transportation, although saw mills are reported to have sufficient labor for present requirements.

Construction workers are mainly remaining in agricultural districts and are engaged in helping farmers repair their homes in return for food and shelter. Since building materials are mostly under military unit control, considerable shortage for civilian needs is in evidence. There is a particular lack of roofing, tile, and bricks and the usual shortage of coal is emphasized. Dr. ROSSHAUPTER believed that the formation of crafts unions should be encouraged and that confusing Military Government regulations have delayed their development.

f. Transportation. The Transportation Office for BAVARIA is constituted with a Herr BRENNER in charge. One of the difficulties encountered by this office is the lack of permission to move the personal effects of German government employees who have been placed in employment at some distance from their homes. At present, there is no authorization to transport such personal effects to cities in which such personnel have been ordered to work.

6. REGENSBURG.

a. Economic Office. A Regierungsbezirk Economic Office is at present being constituted, and it is expected that this office will take over functions set forth in the German Agencies directives. At the present time, however, most of the functions are being discharged by the Chamber of Commerce and the Fachgruppen.

b. Chamber of Commerce. Under Dr. KRISTLIEB and Dr. REICHNER, this Chamber is operating the same as it did before occupation. A statistical bureau has been attached to this office, for the purpose of preparing industrial statistics. The Chamber of Commerce has compulsory membership and collects compulsory dues, which in 1944 amounted to 170,000 Reichmark annually. This Chamber of Commerce has been delegated the authority by Military Government to distribute coal, wood and leather

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to the various industries. The Fachgruppen and Wirtschaftsgruppen are in operation under their former status. Since general Military Government laws do not specifically operate in control of industry, the various Fachgruppen are still performing duties outlined by Nazi regulations. It was noted that a branch office of the sugar cartel (Zuckerstoff syndikat) is in operation and is performing the functions of allocation and distribution of materials as well as of marketing of products. There is also a laboratory for sugar at PÖLST, which is engaged in the development of sugar products by synthetic processes.

The Chamber of Commerce in REGENSBURG has little contact with the Economic Office, but in this city operates directly with Military Government. The de-Nazification directive as applied to business, was considered here as a source of difficulty both by the Director of the Chamber of Commerce and by the Industries Officer of the Regierungsbezirk Detachment, Major MERVIN. It was felt that the wholesale discharge of party members from industry and commerce would result in a resistance movement and that a serious dislocation of all industrial and commercial life would ensue.

c. Trade Group - Retail (Fachgruppe Einzelhandel). Herr W. MAENDL, the Director of this Fachgruppen stated that he operated under the Wirtschaftsgruppen at MUNICH. His functions include supervision of all retail establishments and advice to the membership, on legal and business matters. The office also allocates consumer goods to retail shops and receives applications for the licensing of new businesses and decides the closing of such retail establishments as are considered surplus or inefficient. Membership in this Fachgruppe is compulsory.

In the licensing of new businesses, examinations are conducted jointly by the Chamber of Commerce and the Fachgruppe. The distribution of consumer goods out of existing stocks is done by Herr MAENDL with approval of the Military Government Detachment. In addition to these functions, the Fachgruppe is advisory to the Chamber of Commerce, to the local Economic Office, and to the Price Control Office. There are only 5 paid full-time employees in this office.

d. General Administration. The Regierungspräsident, Dr. FAULKNER, conducts the administrative office of the Regierungsbezirk with 6 main branches:

- (1) Personnel and Legal.
- (2) Education.
- (3) Economics.
- (4) Food and Agriculture.
- (5) Welfare.
- (6) Building Construction.

There are also four special sub-branches as follows:

- (1) Police.
- (2) Special de-Nazification.
- (3) Information.
- (4) Secretariat.

The general administrative divisions are functioning and de-Nazification has been completed. In the forestry service, however, this clearance of party members has occasioned difficulty since practically all foresters in GERMANY were members of the

party, and trained replacements have not been found. It was reported by Dr. FAULKNER that in some cases local Military Government Detachments were changing or suspending directives issued by the Regierungspräsident to the Landräte and Oberbürgermeister, particularly in rationing and labor regulations. Dr. FAULKNER favored a revision of the de-Nazification policy and suggested that machinery might be set up whereby a committee of German officials and citizens might be used in an advisory capacity in helping decide individual cases, particularly in the industrial field.

7. NÜRNBERG.

a. General Administration. Some difficulty still exists here due to the partial division of authority between NÜRNBERG and ANSBACH in matters pertaining to Economics. Some administrative officials operate in the latter city, in particular the Labor Office, while the Insurance Office is located in NÜRNBERG. Crafts-Unionism has not developed to any extent, but de-Nazification of industry is in progress. Labor councils have been established in some plants but no unions of size have as yet been established. The FÜRTH Economic Office is expected to close on September 15 and will then be established in NÜRNBERG. Fachgruppen and Fachuntergruppen are continuing to function until such time as the Regierungsbezirk Economic Office at NÜRNBERG can assume their duties. Some anti-Nazi groups had been organized, who were engaged in the denunciation of the Nazi party members still to be found in industry. Many individual cases were thus brought directly to the attention of the Regierungsbezirk Military Government Detachment.

8. WÜRZBURG.

General Administration. A Regierungsbezirk Economic Office has been established here and the Chamber of Commerce was stated to be operating in an advisory capacity only. In this Regierungsbezirk the German Agencies directive had been closely followed. De-Nazification is in progress in the industrial field with satisfactory results reported. The Union movements, however, were not progressing rapidly and only some plant associations had been formed.

9. CONCLUSIONS.

It is apparent from this survey that the Regional Economic Office at MUNICH has not yet implemented the directive requiring the assumption of the duties of the Wirtschaftgruppen, Fachgruppen and the Fachuntergruppen. Moreover, the establishment of the economics offices at Regierungsbezirk levels has not yet been fully accomplished. One of the difficulties in BAVARIA is that instructions from the Ministry of Economics to the Regierungsbezirke and Kreis offices are not parallel to those received by Detachments at the corresponding levels. Thus local Military Government Detachments often are not aware of the instructions received by the local Economic Offices. The existence of the Chambers of Commerce and of the Fachgruppen as semi-governmental agencies without any higher echelon in MUNICH results to some degree in unauthorized action by such organizations. The de-Nazification of industry is viewed with alarm by many German officials and the attitude of disapproval of this policy on the part of the Chambers of Commerce is marked. There is confusion in the minds of the German labor office directors as to the intent of Military Government with regard to unionism, and clear directives as requested. Most Bavarian officials are

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disturbed by the numerous changes and amendments of directives. Since the average German official reads all official documents very carefully, the occasional errors and frequent changes are incomprehensible to him, and he feels that Military Government is not sure of its own position. It was noted that directives were often delayed in reaching the local detachments and in too many cases the economics officers were not altogether familiar with those that they did receive. Several industries officers of Regierungsbezirk Detachments were not aware that the Wirtschaftsgruppen and Fachgruppen were to be dissolved, and their functions taken over by the Regierungsbezirk Economic Offices. Often the former agencies were operating under Nazi decrees and were claiming for themselves functions which, according to directives, they no longer possess.

It would seem advisable to confirm again the duties of the Regional Economic Offices in regard to allocation of raw materials and especially in regard to the licensing of businesses. The implementation of the de-Nazification policy in industry might also be partially assumed by the German people themselves in the form of advisory councils created to assist the special de-Nazification Sections. In this way the necessity of submission of many special cases on individual bases would be partially avoided.

Such differences in execution of directives as were noted in this survey of BAVARIA were discussed with, and brought to the attention of Lt Colonel ERION of the Regional Military Government Detachment at MUNICH and were further explained to the Bavarian Minister of Economics, Dr. LANGE. An order was prepared for the signature of ACOS, G-5, Third U. S. Army, for the implementation of directives dissolving the Wirtschaftsgruppen and for the establishment of industries groups in the Economic Offices to assume duties of allocation and distribution of producers goods.

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